



MINUTES

Joint Special Meeting

Reno City Council & Redevelopment Agency Board

Wednesday, December 11, 2013 • 12:00 PM

Reno City Council Chamber, One East First Street, Reno, NV 89501

Robert A. Cashell, Sr., Mayor

Council Members:

Ward 1 – Jenny Brekhus

Ward 4 – Dwight Dortch

Ward 2 – Sharon Zadra

Ward 5 – Neoma Jardon

Ward 3 – Oscar Delgado

At-Large – Hillary Schieve

A Roll Call

Attendee Name	Title	Status	Arrived
Jenny Brekhus	Council Member	Present	
Oscar Delgado	Council Member	Present	
Neoma Jardon	Council Member	Present	
Hillary Schieve	Council Member	Present	
Robert Cashell	Mayor	Present	
Sharon Zadra	Council Member	Present	
Dwight Dortch	Council Member	Present	
Dick Scott	RAAB	Present	

The meeting was called to order at 4:08 PM.

B Public Comment

NO ACTION WAS TAKEN ON THIS ITEM.

C Approval of the Agenda (For Possible Action) - December 11, 2013.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Dwight Dortch, Council Member
SECONDER:	Neoma Jardon, Council Member
AYES:	Brekhus, Delgado, Jardon, Schieve, Cashell, Zadra, Dortch

D Standard Department Items

D.1 Bond Ordinance - Fitzgeralds Parking Garage | Depfa Bank

D.1.1 Staff Report (For Possible Action): Discussion, direction and waiver of conditions precedent to Optionee's right to exercise notice to purchase in the Option and Forbearance Agreement between the City, the Redevelopment Agency and Fitzgerald Virginia and Plaza, LLC dated November 14, 2011, in connection with the Amended and Restated Forbearance Agreement between the City and Depfa Bank dated November 14, 2011, and City of Reno, Nevada, Taxable Lease Revenue

Bonds Series 2014 (Fitzgeralds Parking Garage: APN 011-370-52 and 011-370-53). 4:09 PM

Recommendation: Staff recommends Council waive the conditions precedent to Optionee's right to exercise notice to purchase in the Option and Forbearance Agreement.

Proposed Motion: I move to approve staff recommendation.

Jill Olsen, Assistant Finance Director, presented an overview of the Staff Report.

Mayor/Chairman Cashell noted that the inside of the garage had been cleaned, two floors had been opened up, and the outside of the building had been painted.

Tracy Chase, Chief Deputy City Attorney, noted that separate votes of both the Council and Redevelopment Agency Board were necessary for item D.1.1, while item D.1.2 required only a vote of the Council.

Ms. Olsen discussed the revised Appendix A for the bond ordinance, and the lists of properties (those owned by the City/Agency and the railroad) that generated revenue for the City/Agency.

Council/Board Member Brekhus and Ms. Olsen discussed the history of the Option and Forbearance Agreement. Ms. Brekhus asked why the decision was made in 2011 to roll the ReTRAC (Reno Transportation Rail Access Corridor) bonds that were performing well in with the Fitzgerald's bond that was not performing well.

Council/Board Member Dortch replied that the Council/Agency Board made a policy decision to combine the Depfa Bank bonds in response to Depfa Bank's offer to enter into a forbearance agreement that would avoid a default on the Fitzgerald bond.

Council/Board Member Brekhus suggested that the City negotiated the agreement from a position of weakness, and made a deal with the bank to roll the bonds that were performing well in with the one that was not, which ultimately cost the Reno taxpayers more money due to processing charges.

Council/Board Member Dortch stated that it did not cost the Reno taxpayers more money to combine the bonds, and Council/Board Member Brekhus asked how much the servicing and reworking of the bonds cost.

Robert Chisel, Director of Finance and Administration, said that these bonds were pledged with lease revenues only (i.e., no other revenues were involved), and the issuance costs were estimated at approximately \$400,000 (a cost that was wrapped into the cost of the bond).

Council/Board Member Brekhus reiterated that the City/Agency Board wrapped the healthy 2006 bonds in with the unhealthy Fitzgerald bond and absorbed the

costs of doing that because Depfa Bank has put their backs up against the wall on the Fitzgerald bond.

Council/Board Member Dortch said that combining the bonds accomplished two objectives: (1) it kept the City/Agency Board out of default and did not change the position the City/Agency was in because the City/Agency was using the additional revenues to pay for one bond instead of having one in default and another one just sitting there; and (2) it provided that someone was actually going to clean up the garage, which was a larger issue for the City/Agency. In 2011, he explained, the Council/Agency's position was that Depfa Bank could have foreclosed on and then owned the land and the City/Agency would have been in default, and Depfa Bank could also have foreclosed on and owned the garage. He suggested that Depfa Bank would probably then have left the land and garage sitting there with the garage continuing to deteriorate while, instead, there was now an operator that was cleaning up the garage because it was needed for their project. It would have hurt two downtown properties (i.e., the garage and the Fitzgerald property), Mr. Dortch said, had we not made an agreement; it was the best deal possible for the City/Agency at the time.

Council/Board Member Brekhus questioned how many future workouts would be required, and stated her concerns that they would put the City/Agency in a more compromised position (e.g., \$500,000 for bond issuance costs plus other costs such as identification of a trustee).

Council/Board Member Jardon asked what would happen if the agreement was not approved, and Mayor/Chairman Cashell answered that the City/Agency would be in default.

Eddie Lorton, 100 North Arlington Avenue #16D, noted that the building sat empty for a long time with no revenue coming into the City/Agency's coffers, and Mayor/Chairman Cashell explained that the person who had been leasing out the shops in the garage died. Mr. Lorton asked the purchase price of the building and how much the City/Agency had into it, and Council/Board Member Dortch replied that the land was given to the City/Agency by the railroad as their contribution to the ReTRAC train trench project. Mayor/Chairman Cashell said that the purchase price of the building remained at \$2.5 million.

Council/Board Member Schieve stated that everyone was doing the best they could with the situation, and she was ready to move forward with the agreement.

Council/Board Member Brekhus said that the City/Agency was always negotiating from a position of weakness because of the threat of default, and questioned how many more of these adjustments would be coming down the pipe.

It was moved by Council Member Dortch, seconded by Council Member Zadra to uphold the staff recommendation.

Motion carried with Council Member Brekhus voting nay.

It was moved by Board Member Dortch, seconded by Board Member Zadra to uphold the staff recommendation.

Motion carried with Board Member Brekhus voting nay.

RESULT:	APPROVED [6 TO 1]
MOVER:	Dwight Dortch, Council Member
SECONDER:	Sharon Zadra, Council Member
AYES:	Delgado, Jardon, Schieve, Cashell, Zadra, Dortch
NAYS:	Jenny Brekhus

Appendix A - *Distributed After Initial Posting*

D.1.2 Ordinance Introduction - Bill No. _____ (For Possible Action): Ordinance authorizing the issuance of the City of Reno, Nevada, Taxable Lease Revenue Bond, Series 2014 to pay in part the cost of refunding certain outstanding obligations of the City; providing the forms, terms and conditions of the bond and the security therefor; providing other matters relating thereto. 4:28 PM

Recommendation: Staff recommends Council refer to the Committee of the Whole.

Proposed Motion: I move to refer to the Committee of the Whole.

The Council referred Bill No. 6880 to the Committee of the Whole.

RESULT:	FIRST READ [6 TO 1]
MOVER:	Dwight Dortch, Council Member
SECONDER:	Sharon Zadra, Council Member
AYES:	Delgado, Jardon, Schieve, Cashell, Zadra, Dortch
NAYS:	Jenny Brekhus

E Chairman and Board Items

E.1 Identification of items for future agendas of the Redevelopment Agency Board. (For Possible Action) 4:30 PM

Council Member Brekhus requested a workshop to discuss the future of the Redevelopment Agency.

F Public Comment

Eddie Lorton, 100 North Arlington Avenue #16D, stated that the Redevelopment Agency should be abolished.

G Adjournment (For Possible Action)

THE MEETING WAS ADJOURNED AT 4:31 P.M.